

MICHIGAN COMMISSION OF AGRICULTURE AND RURAL DEVELOPMENT

**Constitution Hall
Atrium Level, Con-Con Conference Room
525 West Allegan Street
Lansing, Michigan 48933**

MEETING MINUTES SEPTEMBER 14, 2016

PRESENT:

Fred Walcott, Chair, Michigan Commission of Agriculture and Rural Development
Dru Montri, Vice Chair, Michigan Commission of Agriculture and Rural Development
Trever Meachum, Past Chair, Michigan Commission of Agriculture and Rural Development
Diane Hanson, Past Chair, Michigan Commission of Agriculture and Rural Development
Gordon Wenk, Chief Deputy Director, Michigan Dept. of Agriculture and Rural Development

ABSENT (EXCUSED):

Bob Kennedy, Secretary, Michigan Commission of Agriculture and Rural Development

CALL TO ORDER AND ROLL CALL

Chairperson Walcott called the meeting of the Commission of Agriculture and Rural Development to order at 9:04 a.m. on September 14, 2016. Commissioner Montri called the roll with Commissioners Hanson, Meachum, Montri, and Walcott, and Chief Deputy Director Wenk present.

APPROVAL OF AGENDA

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE MEETING AGENDA FOR SEPTEMBER 14, 2016. SECONDED BY COMMISSIONER MONTRI. MOTION CARRIED.

APPROVAL OF JULY 26, 2016, MEETING MINUTES

MOTION: COMMISSIONER MONTRI MOVED TO APPROVE THE JULY 26, 2016, MEETING MINUTES. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

NEXT SCHEDULED MEETING

The next scheduled meeting is Thursday, November 10, at the Michigan Department of Agriculture and Rural Development Geagley Laboratory, 1615 S. Harrison Road, East Lansing, Michigan.

COMMISSIONER COMMENTS AND TRAVEL

Commissioner Hanson reported the Upper Peninsula (UP) has received more than adequate rainfall and now cooler weather is predicted. Crops look good, grain and hay harvest is complete, and growers are hoping for good weather to continue the harvest.

In July, she attended a field day in Menominee County focusing on forages, which was sponsored by Michigan State University (MSU) Extension Services. She attended the August Council meeting at the UP Research and Extension Center in Chatham where various agriculture issues were discussed.

The UP State Fair was held in August, which included participation by the Governor. Fair attendance was down somewhat this year due to inclement weather on Saturday. Visitors were very impressed by the Miracle of Life pavilion, with out-of-state visitors commenting it was the best they had ever seen. It included cows, sheep, and chickens birthing, an over 1,500-picture display of UP agriculture, and a splash and play area for children. Also, chocolate milk and Go-Gurt, along with ice cream coupons (compliments of the United Dairy Industry of Michigan), russet potatoes (compliments of the Russet Potato Exchange of Wisconsin), and potato chips (compliments of the Michigan Potato Commission) were given to visitors.

She also met with the Governor at the Chatham Experimental Station for a discussion that included MSU, Michigan Farm Bureau, and a number of UP growers. At the end of August, she attended the Houghton County Fair.

Commissioner Montri attended the Public Comment meeting for the draft 2017 Generally Accepted Agricultural and Management Practices (GAAMPs), during which no public comment was given. She emphasized it remains important for the department to offer this opportunity in the event people do want to comment. She also will be attending the Commodity Executives meeting next week.

Her farm operation has enjoyed a good summer and is in that hectic time of year where they are quickly transitioning from summer to winter. Their goal is to have all winter crops planted by October 1.

Two Farmers Markets at the Capitol have been held, with the final one for the year scheduled on Thursday, September 22 from 10:00 a.m. to 3:00 p.m. It will feature over 70 vendors and a great diversity of product.

She has participated in various farm field days and visited numerous farmers markets this year, during which she continually hears comments about the lack of a good workforce, which is an issue spanning across the entire agriculture industry.

Commissioner Meachum reported harvest is well under way for apples, tomatoes, and peppers. Although markets have been poor, partly due to weather being conducive to home gardens, they are beginning to increase. Apples will not be as profitable this year because of the bountiful harvests everywhere. Grain crops look good and there was ample rainfall in August with 90 degree temperatures. Although his operation has adequate labor, other farmers in the area are in need of workers. The farther you travel north in the state, the more that issue changes.

The Southwest Michigan Research and Extension Center is exploring ways to improve their services to MSU. While location and diversity are its strengths, that fact also presents a detriment because they are conducting research on 30 different crops as

opposed to offering specific specialized research. The Center needs to focus on exactly what it should provide in the future. Growers have been meeting regularly to assist in that effort and the Center is very receptive to needs of the growers.

Commissioner Walcott noted harvest for forage crops is well underway in his area, with huge yields. Although the warm, wet weather has been an asset to the carrot crop, it has been somewhat devastating to some of the other crops being harvested. There is considerable discussion regarding labor shortages in his area, as well as some concerns from the apple producers. They expect a good corn harvest this year, as most areas received adequate rainfall.

Commissioners Hanson, Meachum, Walcott, and Montri traveled to attend today's meeting. There was no other travel submitted for approval.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE COMMISSIONERS' TRAVEL. SECONDED BY COMMISSIONER MONTRI. MOTION CARRIED.

DIRECTOR'S REPORT

Chief Deputy Director Wenk advised Director Clover Adams is unable to join the meeting today. She is currently participating in a trade mission to China.

The Employee Awards Ceremony is October 19 at 2:00 p.m. in the Library and Historical Center, downtown Lansing. This annual event gives the department an opportunity to recognize the good work of its employees. As always, the Commissioners are more than welcome to attend.

The Director has been participating in the Governor-created Infrastructure Commission, and Jim Johnson, who has been assisting with that effort, was called upon to provide an update. Mr. Johnson noted there has been considerable discussion in the last few years about infrastructural issues across the state, and earlier this year, the Governor implemented a special commission to consider those issues. The goal is that Michigan will lead the nation in creating a 21st century infrastructure system that will include, at a minimum, innovative technologies, sustainable funding solutions, true cost of service principals, and a collaborative and integrated asset management approach that will enhance Michiganders' quality of life and build strong communities for the future. The Governor has called for consideration of a 30-50-year plan. There are 15 Governor-appointed members, with 35-40 people involved in each meeting. Four sub-workgroups were created that have been meeting at least twice monthly to consider different aspects of infrastructure, including transportation; water, sewer, storm water, and drainage; communication and energy, both of which directly impact agricultural growth; and funding and policy issues. An assessment was made to identify gaps and recommendations were developed to address those gaps. The final report is due late in November, which will be the beginning of a very long process that will involve the state, counties, and local communities in order to achieve the intended goals.

PUBLIC COMMENT (AGENDA ITEMS ONLY)

There was no public comment relative to agenda items.

MICHIGAN STATE UNIVERSITY (MSU) CENTER FOR REGIONAL FOOD SYSTEMS: Rich Pirog, Director, MSU Center for Regional Food Systems

Mr. Pirog advised he has been director of the Center for Regional Food Systems (CRFS) since January, having been the acting director the year prior. Formerly the CS Mott Group, CRFS became a university-wide center in 2012 and focused on regionally integrated, sustainable food systems. Work has included the Michigan Good Food Charter, food access and health, farm to institution and farm to school, Healthy Food Financing Initiative, food hubs, food systems planning and food policy, beginning farmers, organic agriculture, and regional food systems in a global context. Over 85 percent of funding for CRFS comes from grants. They work very closely with MSU Extension and many non-profit organizations. Although a center at MSU, because almost all of their funding comes from outside sources, the staff of 14 specialists are very entrepreneurial.

Within the 2010 Michigan Good Food Charter, the “good food” policy framework designates that food be affordable, fair, green, and healthy. The six goals of the Charter encompass increasing economic opportunity for farmers; increasing the amount of Michigan-grown food in homes, farmers markets, restaurants, and institutions; and increasing healthy food access. Over 20 organizations are engaged in the identified 25 agenda priorities. Food access pilot programs have been initiated in Pontiac, Battle Creek, and Ypsilanti.

The Shared Measurement Project is providing an increased capacity to collect and analyze data. Results from the most recent state-level data showed 54 percent of Michigan school food service directors were purchasing local food. The Michigan Farm to School Grant Program is in its sixth year of supporting programs on the ground through funding for local food purchasing, including increasing farm to school purchases and increasing students’ awareness of Michigan-grown food and opportunities to make that connection between farming and their cafeteria.

Cultivate Michigan is a campaign spurring from the Michigan Farm to Institution Network to promote local food purchasing. They work directly with commodity groups in helping to promote these foods to food service directors at schools, colleges, and institutions, with about 50 currently participating. CRFS tracks their purchases and expenditures around featured foods and results are highlighted quarterly.

The Hoophouses for Health program has been operational for several years and in 2015, 43 farms, 15 farmers markets, and 22 community partner agencies participated, and 1,400 families received vouchers. Over \$58,000 in loans helped build seven hoophouses on six farms and over 11,000 square feet of hoophouse growing space. About \$55,000 in local food purchases were made at farmers markets and \$25,000 were made by schools and early childhood partners, for about \$80,000 worth of fresh, healthy food provided to vulnerable children and families.

CRFS either convenes or assists numerous networks. They coordinate to provide space for local councils to network; connect local councils to statewide and national policy information, issues, and actions; assist local councils in building capacity; and provide

hands-on training. There are 16 active/forming councils in Michigan. Activities include in-person and on-line meetings, participation in state-level meetings, an e-newsletter, and webpage space on the CRFS website.

The Michigan Food Hub Network was established in 2012 in partnership with the Michigan Department of Agriculture and Rural Development (MDARD) and convenes three network meetings and tours annually at locations across Michigan, each attracting over 100 attendees. This has grown in popularity, because they feature what is happening locally with what we are learning at both the state and national levels. This network also organizes and hosts at least four webinars each year on topics ranging from food safety to network models, provides scholarships for a week-long intensive Food Hub Management Program, builds strong connections with the Michigan Farm to Institution Network, and provides National Food Hub Survey reports.

CRFS assists Michigan livestock producers and meat processors in many ways, including coordinating and monitoring five ongoing research projects related to local and regional meat, ranging from grass-fed beef yields to testing shelf life of meat products. CRFS also developed the Red Meat Survey infographic; formally launched the Michigan Meat Network; convenes two network meetings and tours annually; and strengthens partnerships with meat and livestock business groups, including the Michigan Meat Association, Michigan Farm Bureau, and food service directors.

Beginning farmers is an important part of their work and through the U.S. Department of Agriculture (USDA) Beginning Farmer Grant program, they are able to focus on the future face of Michigan farmers. They work with Michigan Food and Farming Systems (MIFFS), conduct Farmer Field Schools, and offer a matching funds program to help beginning farmers across the state with some initial resources.

The Michigan Good Food Fund is the Healthy Food Financing arm of the Michigan Good Food Charter. CRFS is a core partner with the Fair Food Network in acting as the food access organization on business and technical assistance and represents a primary strategy to achieve the Charter's goals. Currently, the funds are coming from foundations and the federal government. This is a first of its kind approach working to create financial and social impact throughout the food supply chain.

A small, but growing part of work at CRFS is beginning to consider economic and market analyses. Some are conducted independently and others in conjunction with the MSU Product Center. The initial report will be released in a few weeks and was commissioned by the Association of Food and Petroleum Dealers. They have received verbal notice of a cooperative agreement, working with Fair Food Network and their Double Up Bucks program farmers market data, to explore an economic analysis of how that healthy food incentive program is providing opportunities for participating farmers and local communities.

CRFS envisions its role, in part, as being an advocate for Michigan farmers, particularly through how they can build local and regional food markets and increase access to healthy foods in Michigan.

**KALAMAZOO VALLEY COMMUNITY COLLEGE BRONSON HEALTHY LIVING CAMPUS:
Dean McCurdy, Associate Vice President for Instruction, and Rachel Bair, Director of
Sustainable and Innovative Food Systems, Kalamazoo Valley Community College (KVCC)**

Dr. McCurdy reported the idea for the Bronson Healthy Living Campus (BHLC) began over five years ago through conversations of how they might promote health and connect it to food and economic and community sustainability in the Kalamazoo Valley area and beyond. The initial drive was the desire for Kalamazoo Valley Community College (KVCC) to broaden and provide a new home for its long-standing healthcare programs in nursing, respiratory therapy, and emergency medical systems. It became clear there was a much broader desire to build connections to growers, food, and health. In 2013, a partnership was announced between KVCC, Bronson Healthcare, and Kalamazoo Community Mental Health and Substance Abuse Services. BHLC is a catalyst for urban revitalization, community health, and workforce development through sustainable food education, training, production, distribution, and preparation. This anchor project creates jobs and spurs economic development in downtown Kalamazoo.

The synergies developed between the project organizers, the new medical school, the City of Kalamazoo, and others are meeting the increasing consumer demand for holistic approaches to food education and health by preparing the next generation of professionals for existing and emerging careers. Health-focused partnerships include co-located Nursing/Allied Health and Food Systems programs, collaborations to support mental health, and the adjacent Bronson Hospital.

With a focus on health, various programs offered are reshaping food choices for citizens, including Menus that Matter® Culinary Arts and Sustainable Food Systems degree programs, medical workshops for health professionals and the community, and Healthy Choices Matter after-school and summer programs for children. Imbedded within the Culinary Arts program is a large amount of course work in agri-food, food safety, nutrition, and food science – much more than you would traditionally see. This helps students understand where food comes from, how to source locally, take advantage of seasonal aspects of food availability in Michigan, and to maximize that freshness and the economic value that can be provided locally. All of their chefs are also earning a certificate as a dietary manager that is another connection between food and health. They are also learning about opportunities in institutional food service, which is a critical need nationwide. They envision their chefs as being leaders in the food system.

Ms. Bair noted their focus on institutional chefs comes from a desire to reshape our food system in a more sustainable direction and one that favors Michigan agriculture. A number of their programs work toward helping people change their food habits. One is a medical culinary program offering public community courses, as well as others specifically for health professionals, focusing on therapeutic and nutritional value of foods. There also are number of community-based after-school programs.

One building on campus is the Food Innovation Center. It offers a unique opportunity for their culinary school campus. It is a demonstration urban farm, food hub for mid-scale processing and distribution, and food safety training center for farms and food processors/handlers. The 60,000 square foot building sits on five acres of brownfield property and a flood plain. The urban farm includes as much of that outdoor area as

they can convert over the next few years into safe food production (currently four 48x100-foot raised beds), a 9,600 square foot greenhouse that includes various growing technologies, and a 3,000 square foot high-technology indoor grow room. In that building also is a food hub for mid-scale processing and distribution. It houses about 6,000 square feet of flexible production facilities that should be licensed by MDARD next week. The intention is to purchase from small and mid-sized farms that are looking to make that rather risky leap into wholesale. Processed product will be sold to institutional partners, the first being Bronson Hospital, and they will also be supplying the culinary school. KVCC culinary students provide much of the labor for the farm and food hub, giving them that unique perspective. Food safety training programs and community classes are also conducted in the Food Innovation Center.

In the development stages are job training and degree programs in food production and fresh regional food management. They are working carefully to ensure these programs are unique and will not compete with the excellent educational resources available at MSU or any other Michigan colleges.

BHLC is seeking industry input to identify job/skills training needs in agriculture and food processing, and to identify employers seeking interns or skilled graduates, as well as partners that can help provide needed training. Their goal is to build training programs in a way that will support the industry. Any insight the Commission or department can offer will be greatly appreciated.

In response to inquiry from Commissioner Meachum, Ms. Bair advised part of their bee class is being held in their on-campus apiary behind the greenhouse, where they currently have five colonies. Classroom work is held in the Food Innovation Center. Dr. McCurdy advised demand for that class has been overwhelming.

Commissioner Montri stated that in discussions around skilled labor and workforce, the industry advises that graduates are expecting jobs at the \$40-60,000 level and some growers with whom she is working indicate those expectations are at a level the industry is not able to support. Growers and processors are very interested in hands-on learning opportunities that focus on developing a young job workforce for positions that would begin at the minimum wage to \$15 per-hour range. This is important to consider as more of these programs are developed. In addition, graduates are champions for using Michigan-grown products, but the positions they fill do not have budget-related responsibilities. There are many positive benefits that can justify the sometimes higher cost of purchasing fresh and local. She asked if there are any efforts to educate the leadership making those purchasing decisions. Dr. McCurdy advised they want to ensure their students are armed with the ability to collect the needed information to make that holistic argument for local product. They are also working with local food service groups by providing nutrient analysis for some of their menu items and working with them to see where they can maximize those opportunities. There has been a very positive response as owners attempt to meet consumer demand. They are developing collaborations within their community to help roll this out on a more system-wide basis. They are working to ensure program design and cost of tuition balance out with students' expectations for employment and earning income.

RECESS AND RECONVENE

Chairperson Walcott recessed the meeting at 10:20 a.m. for a brief break. He reconvened the meeting at 10:33 a.m.

DOUBLE UP FOOD BUCKS PROGRAM: Oran Hesterman, President and CEO, Fair Food Network

Dr. Hesterman advised Fair Food Network was founded on the belief that vibrant, local food systems can create health and economic opportunity. As a national food systems organization, Fair Food Network works with a diverse range of partners and pioneers for solutions that support farmers, strengthen local economies, and increase access to healthy food – especially in our most underserved communities.

When Fair Food Network launched in 2009, it also launched a healthy food incentive program called Double Up Food Bucks. This program doubles the value of federal nutrition benefits spent at participating locations, helping people bring home more healthy fruits and vegetables while supporting local farmers. For example, if a family spends \$20 of their Supplemental Nutrition Assistance Program (SNAP) benefits at a participating farmers market, they receive \$20 in Double Up Food Bucks to buy locally-grown fruits and vegetables. This means they can bring home \$40 of healthy food for just \$20. The wins are three-fold: low-income families bring home more healthy food; farmers gain new customers and make more money; and more food dollars stay in the local community. Each of these has a ripple effect of benefits across the community.

Double Up started as a small pilot in five markets in Detroit. Today, it is a statewide success story at more than 200 sites, including grocery stores in one of the first pilots in the country. Ninety percent of Michigan shoppers live in a county where the program operates – either at a participating farmers market or a grocery store.

In 2015, Fair Food Network was honored to receive a large-scale, four-year FINI (Food Insecurity Nutrition Incentives) award to continue growing Double Up Food Bucks in Michigan and Toledo. Focus of this project will be on 1) growing the number of sites in all retail settings, including farmers markets, mobile stores, and groceries of all sizes from full service stores to co-ops and smaller independent groceries; 2) increasing usage of mobile transaction technologies; and 3) moving the program from seasonal to year-around. One of their strong partners in this work is the Michigan Farmers Market Association (MiFMA).

Rigorous evaluation is a cornerstone of the Double Up program, from which they have been able to demonstrate the success of this program for families and farmers. Results show that 90 percent of Double Up shoppers eat more fruits and vegetables; over 60 percent of farmers market shoppers eat less junk food; and over 60 percent of farmers market shoppers and 20 percent of grocery store shoppers tried new fruits or vegetables – all because of Double Up. We also know farmers receive a financial boost – 72 percent of participating vendors and 59 percent of all vendors reported making more money. There is indication that the program is not only having positive impact on participating farmers market vendors, but overall positive impact in the marketplace for all vendors.

Through our evaluation, we can track this program's quantifiable success over the years. In 2007, before Double Up began, less than \$16,000 of SNAP dollars were spent at Michigan farmers markets. With support of Double Up, along with the incredible leadership of our statewide MiFMA, that number grew to over \$1.5M last year in combined SNAP and Double Up distribution. Just considering SNAP sales alone, Michigan is head and shoulders above other Midwest farmers markets. His goal is not only to see Michigan SNAP sales continue to grow, but those in the states around us and they are currently assisting organizations in 18 other states to initiate programs.

In addition to evaluation, another distinguishing attribute of our program is its uniform brand and dynamic communications campaign, which we deploy to increase awareness and drive program utilization. Those include signage, posters, flyers, direct mailers, social advertising, bus ads, billboards, website, toll-free hotline, and community and partner engagement.

With the support of MDARD, Double Up in Flint is being expanded to help more children and families get the nutritious foods needed at this time. It is a very impressive story of Double Up Food Bucks in a community that needs it the most. Having been in Flint since 2011, its use of the program is one of the strongest in the state. In 2015, more than 3,000 shoppers spent more than \$100,000 in Double Up Food Bucks at the Flint Farmers Market, which is more dollars redeemed there than at any other market in the state. And at a participating Landmark grocery stores, where more than 80 percent of store sales are with SNAP benefits, store owners had to double the amount of fruits and vegetables they carried to meet customer demand.

Early in 2015, we were not yet actively engaged in the growing conversation around lead exposure and the water crisis and how we could support Flint to get healthy and stay healthy long beyond the current crisis. After a phone call from MDARD Director Clover Adams, this changed with the growing recognition that one of the best ways we could support Flint children and families in the wake of the water crisis and for years to come was to ensure a diet rich in vitamin C, iron, and calcium – much of which is found in fresh fruits and vegetables in a city that does not have much access to those foods. Ensuring such diets in a community where nearly half the population receives SNAP benefits requires addressing affordability head on, which Double Up does. And so, they set to work exploring how Double Up could help meet the needs of the Flint community.

This began with a listening tour with current partners, funders, and community leaders in the winter of 2016. Based on that tour, it was evident the most valuable commodity in Flint was not clean water, but trust. The Double Up brand was held in good esteem by those who knew about it. But, it was too much of a well-kept secret. Although the Flint Farmers Market had always been on an electronic system, we knew we could do better than engaging only 12.6 percent of potential program participants. We also knew that Flint required additional program modifications to ensure Double Up was responsive to its needs at this time.

With support from MDARD, the Michigan Department of Health and Human Services (MDHHS), and many additional funders, this April the formal expansion of the Double Up Food Bucks in Flint was announced. Double Up expanded to more locations, all of

which will run year-around. With expanded eligible items, any fruit, vegetable, or milk purchase earns matching Double Up Food Bucks that can be spent on additional fresh fruits and vegetables. Milk was integrated into the system to emphasize the importance of calcium for lead mitigation. With help from MDARD, we launched new transaction technology that is allowing shoppers to carry their benefits between participating sites. This was accomplished by working with a local Flint business to develop the technology, keeping our investments within the community.

We also launched an extensive citywide communications campaign to raise consciousness about the program among potential recipients. This includes a combination of high tech approaches, such as a short Double Up animated video currently being promoted on Facebook and Instagram. It also deploys low-tech approaches through bus signs, billboards, newspapers, direct mail activities, and in-store marketing materials to call attention to the program with a clear, compelling message.

Since these shifts officially implemented the first of June, results are initially very promising. Through August, there has been a 30 percent increase in Double Up redemptions by SNAP consumers, 76 percent increase in new user enrollment, 48 percent increase in the number of unique individuals utilizing the program, and 29 percent more transactions. Results will continue to be collected and shared on a monthly basis.

This work would not be possible without our funders. This is a public-private partnership with federal, state, and private support that includes MDARD, USDA National Institute of Food and Agriculture Food Insecurity Nutrition Incentive Program, MDHHS, USDA Agricultural Marketing Service, Charles Stewart Mott Foundation, Community Foundation of Greater Flint, Kresge Foundation, Ruth Mott Foundation, W.K. Kellogg Foundation, You Have Our Trust Fund of the New Hampshire Charitable Foundation, and Michigan Health Endowment Fund.

We are looking forward to continued progress in Flint and expanding the Double Up Food Bucks program across the state. We are just scratching the surface of how we can encourage low-income families to use their food assistance money to buy healthier food while at the same time putting that dollar right in the pocket of Michigan farmers.

Commissioner Montri noted Double Up Food Bucks has been a huge benefit to the farmers markets and the percentages being double redeemed over the last two months has been very high, in large part due to the quantity and high quality of fresh fruits and vegetables available. She asked if there is a sense in grocery stores of an incentive for them to focus on offering more fresh Michigan products. Dr. Hesterman advised the interoperability has proven beneficial to the farmers markets. He feels the growth of fresh Michigan products in grocery stores is, and will continue to be, driven by consumer demand for fresh and local, which will fit nicely into the Double Up program. It would be a huge plus for Michigan agriculture to expand Double Up into every grocery store in the state and that is a vision toward which they are working.

Dr. Hesterman emphasized how responsive and proactive MDARD has been in the experimental program partnership in Flint. The department has been key to the program's success.

Commissioner Hanson asked about the potential of the program being expanded from milk to pork and beef. Dr. Hesterman advised while you can only spend Double Up Food Bucks on fruits and vegetables, any expenditure on the Bridge Card at the farmers market triggers earning of Double Up Food Bucks. Vendors of eggs and meat report their sales have increased as well. Although offering that in grocery stores as well would be complicated, he would like to experiment in a small way with that concept.

INTRODUCTION

Jen Holton introduced MDARD's new Deputy PIO, Jessy Sielski, who joined the team on August 15. He will be working closely with the Animal Industry, Agriculture Development, and Environmental Stewardship Divisions, as well as coordinating general media work. He comes to MDARD from the Michigan State Medical Society, as well as the MSU Center for Global Food Innovation.

FOOD AND AGRICULTURE INVESTMENT PROGRAM: Peter Anastor, Director, Agriculture Development Division

Mr. Anastor advised the Food and Agriculture Investment Program is a new program created within the department's fiscal year 2017 Appropriation Bill, PA 268 of 216, Section 702 of the Boilerplate, in which the Commission will be involved. This new tool is funded from a line item that has been funding the Value Added Grant Program. For the fiscal year beginning October 1, the department is allowed to use that Value Added funding now in two ways, rather than just the on-going competitive grant program.

The new program's purpose is to support projects that will help expand food and agriculture processing in order to enable growth in the industry and Michigan's economy. It is a flexible incentive program. This allows the department to help support some of those projects that would not qualify under other programs. Traditionally, many of the funding incentives are driven by job numbers, and projects that are important to the agriculture industry may not be creating jobs directly, yet have a big impact when the supply chain inputs and outputs from those projects are considered. This fund gives MDARD the opportunity to help fund some of those projects.

Potential projects will most likely arise from discussions the department's economic development team is conducting with project owners, where needs become apparent. Key factors are that a project supports agriculture processing growth, supports infrastructure development, provides support for non-traditional economic development incentive projects, jobs and/or investment, supports projects that provide broad impact on agriculture processing, and provides support for projects that need flexible incentives. These are the types of factors that will determine the projects to be considered for this type of funding.

Each recommended project selected must be approved by the Commission of Agriculture and Rural Development before moving forward with the incentive grant agreement with that company. At the current funding level, it is estimated only three for

four projects will be submitted for approval. Once approved, all projects will be administered by MDARD. To create a check and balance, companies would need to perform before the incentive is provided. Metrics and milestones that will be measured include jobs, investment, supplier purchases, building expansion, new equipment/additional lines, and infrastructure development.

In response to questions from Commissioner Montri, Mr. Anastor confirmed the target for this program is for-profit agriculture businesses, typically larger operations. The “broad impact” factor would be a project that would help, for example, process product for multiple producers.

Commissioner Meachum asked about the lead-time for Commission consideration of a project. Mr. Anastor advised the department would work with the Commission on developing a process for each project to ensure review timeliness and efficiency. MDARD Agriculture Development project managers, Jodi Gruner, Donna LaCourt, and Nancy Boxey would be the frontline contacts for the program and recommended projects will be reviewed with the MDARD Executive Office for initial approval.

MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM (MAEAP) STANDARDS PROPOSED REVISIONS: Jim Johnson, Division Director, and Joe Kelpinski, MAEAP Manager, Environmental Stewardship Division

Mr. Johnson noted the MAEAP standards for 2017 are presented today for the Commission’s approval, after their having had the opportunity to review them over the last two months. As the law specifically states, the standards are to be approved each year by the Commission for purposes of implementing MAEAP. They may be approved as a whole, or each standard separately. Commissioner Walcott suggested all systems be addressed and then considered as a whole for approval.

Mr. Kelpinski noted that changes within each system were reviewed during the July meeting and very few changes were proposed, with most being for clarification and consistency across systems. He briefly reviewed the proposed changes within each system, noting the largest change in the Farmstead System was 7.12 relative to underground storage for clarification purposes. In all Crop*A*Syst Systems, an educational question is recommended to raise awareness of invasive species. Being new, the Forestry, Wetlands, and Habitat System had numerous changes, which simply change reference to “forestland” to “all habitat types” to broaden the definition and be fully inclusive. Other changes were made consistent with the Tree Farm Certification requirements to address the issue of “gullying” and create consistency across all standards.

MOTION: COMMISSIONER MEACHUM MOVED TO APPROVE THE CHANGES TO THE MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM STANDARDS AS PRESENTED. SECONDED BY COMMISSIONER HANSON. MOTION CARRIED.

BUDGET UPDATE: Maria Tyszkiewicz, Budget Officer

Ms. Tyszkiewicz provided a high-level review of the fiscal year (FY) 2017 MDARD budget. The department’s gross appropriation is \$94.1 million; \$49.9 million is general

fund/general purpose (GF/GP), which represents a 16 percent increase in GF/GP from FY 2016.

Major enhancements include Laboratory Services line items for \$3.1 million, which will provide for additional staff, equipment, and building updates. This is the last division to be restored from the reductions of the great recession.

The Legislature gave MDARD \$300,000 GF/GP for the new On Farm Produce Safety Program, although we requested \$1.2 million. This proactive measure will help prepare produce farms for the implementation of the Food Safety Modernization Act (FSMA). Funds will be used exclusively for field employees. Four Conservation Districts received grants to provide education and technical assistance to farmers.

The Farmland and Open Space Preservation Program received an additional \$500,000 in restricted fund revenue. At the same time, legislation passed changes one of the sources of funding for the program to provide for a new deposit into the general fund at the beginning of each fiscal year based on a percentage of the previous year's tax credits. This will help restore staff that had been transferred out of the program in 2013 due to revenue reductions and will assist in reducing the current program backlog of 9-16 months.

The budget included the request in the Governor's Budget Recommendations for the Refined Petroleum Fund (RPF) shift, and this was year one of the phase-in, meaning the department received \$1.5 million in GF and the RPF reverts back to the Department of Environmental Quality, where it originated. At the end of the third year, MDARD will have \$500,000 appropriated from the RPF on an annual basis.

The budget includes an appropriation for the Rural Development Fund of \$2 million in restricted dollars. This resulted from a statute creating a severance tax on non-ferrous metals for mining activity as a replacement for local taxes. It required MDARD to implement a grant and/or loan program. The appointed board will establish criteria and the MDARD Director will award and administer those grants or loans. The board is scheduled to meet at the end of this month.

The County Fair Capital Improvement Grants program received a \$170,000 GF/GP increase, \$150,000 of that is actually new money earmarked for three specific fair projects. The \$20,000 for shows and expositions was consolidated into this line item.

A new line item of \$899,000 GF/GP for the Animal Agriculture Initiative is funding to support research and workforce development issues in the agriculture livestock industry.

There also were various one-time appropriations that included second-year funding of \$500,00 for the Tree Fruit Commission; a one-time adjustment for the Grape and Wine Industry Council of \$170,000, as a revenue replacement for pending statutes; \$1.0 million for Rural Development Value Added Grants; one-time funding of \$220,000 for a Vital Agriculture Infrastructure Grant Program, which is designed for the Village of Breedsville for a bridge restoration project (matching funds for the Department of

Transportation money); and \$500,000 for the Animal Agriculture Initiative, as noted previously, which was split into ongoing and one-time funding.

Commissioner Meachum advised the blueberry industry has been devastated by the Breedsville bridge outage and will be very happy its restoration can now move forward. In response to question from Commissioner Montri, Ms. Tyszkiewicz advised this project was negotiated in the target discussions between the Administration and the Legislature through completion of the budget, and the Budget Office subsequently advised MDARD on how the funding was to be expended.

COMMISSIONER ISSUES

Commissioner Meachum thanked Mr. Johnson and his staff for developing the white paper regarding the potential of removing zoning as a condition for livestock siting, as requested by the Commission during their July meeting. The paper is for the Commission to review and consider.

PUBLIC COMMENT

Wendy Banka, Ann Arbor and Michigan Small Farm Council, provided a Veterinary Drug Residues in Food Products in Michigan Report to the Commission. This was one of her projects outside of her Michigan Small Farm Council responsibilities, and involves results that she is not entirely sure how should be handled. She is presenting them to the Commission for their consideration and action.

She reviewed in detail the results of 16 food and pet food samples sent to the Veterinary Diagnostic Laboratories at Colorado State University in June and July 2016. That laboratory has the capability of testing veterinary drugs in food tissues. In summary, test data results indicated that in no case did the percent of Maximum Residue Levels (MRL) in a food sample for a single drug exceed the Food and Drug Administration allowable threshold. However, when the percent MRLs for all drugs in a given sample were totaled, many samples contained a summed MRL exceeding 100 percent and one as high as 298 percent. It may be noteworthy that many of the drugs tested in this sample set are not permitted in the animal or tissue in which they were found. Each sample tested was contaminated with multiple drugs from the set of 12 drugs tested, with no information available on any of the dozens of other drugs commonly fed to farm animals that might be present in human food.

These data results suggest the need for follow-up studies at the state level to determine the repeatability of these results and to extend the analysis to other possible veterinary drug residues present in food samples in Michigan. It is important to know what is in our food and to go forward in determining what the health implications might be.

Commissioner Montri suggested it would be beneficial to obtain Dr. Averill's opinion on the report. Chief Deputy Director Wenk agreed and advised review by appropriate staff within the department would be requested.

ADJOURN

**MOTION: COMMISSIONER MONTRI MOVED TO ADJOURN THE MEETING.
COMMISSIONER HANSON SECONDED. MOTION CARRIED.**

There being no further business, the meeting adjourned at 11:46 a.m.

Attachments:

- A) *Agenda*
- B) *Agriculture and Rural Development Commission Meeting Minutes July 26, 2016*
- C) *Director Jamie Clover Adams – Issues of Interest Report*
- D) *MSU Center for Regional Food Systems – Update Presentation*
- E) *2016 Michigan Good Food Summit Announcement*
- F) *MSU Center for Regional Food Systems Overview*
- G) *The Michigan Good Food Charter*
- H) *Bronson Healthy Living Campus Presentation*
- I) *Double Up Food Bucks Presentation*
- J) *Double Up Food Bucks Flint Report*
- K) *Food and Agriculture Investment Program Presentation*
- L) *Michigan Agriculture Environmental Assurance Program Standards Proposed Revisions*
- M) *Public Comment Regarding Veterinary Drug Residues in Food Products in Michigan Report*